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| 25X1A | Tatan and Erhtan, two small islands in the Quemoy group, were shelled by Com- munist batteries on 28 June for the third |
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| | straight day, according to press accounts |
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from Taipei. The islands are used by the Nationalists as observation points and as bases for mortar fire against vessels entering Amoy harbor. Nationalist spokesmen, in briefing the press, have described the situation as "very tense," although there has been no report from any other sources indicating that an attempt to seize the islands is imminent. The Chinese Communists may have stepped up artillery fire against Tatan and Erhtan in order to silence Nationalist mortars there, which have been harassing ships entering Amoy harbor.

| The | total | force | on | both | Tatan | and | Erhtan | is |
|-----------------------|-------|-------|----|------|-------|-----|--------|----|
| only about 1,100 men. | | | | | | | | |

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| 3. TURKEY HO | STILE | TO SPAAK MEDIATION ON 25X | (1A |
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| CYPRUS ISS | | _ | |
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| | | Official Turkish displeasure with | |
| | | NATO secretary general Spaak's first moves toward mediating the | |
| | | Cyprus dispute suggests increasing | |
| | | bitterness between Turkey and Greece | |
| | | over Cyprus and the inevitability of a | |
| | | showdown in this year's UN General | |
| | | Assembly. | |
| | | The Turkish government believes | |
| | | that Spaak is off to a ''bad start'' | |
| | | and that his present views are 'badly | |
| conceived ar | d in ei | Tect present only a Greek solution to the | |
| problem." | hkara | continues to insist on partition as the | |
| only accepta | DIG SO | lution, and a Foreign Ministry official posal of independence for Cyprus will be | |
| states that a | oy D. UA bto | rime Minister Menderes has put off seeing | |
| Snaak in the | near f | uture and reportedly has suggested a meet- | |
| ing sometim | e in A | ugust. The likelihood that national elec- | |
| tions will be | held i | n Turkey this fall may account in part for | |
| | vident | intention of delaying any further Spaak | |
| initiative. | | | |
| | | London has encouraged Spaak to attempt | |
| to mediate v | vithout | making any commitment to him in advance. | |
| However, th | e Brit | ish recently asked him to postpone his | |
| planned department | arture | for Athens and Ankara for a few days as rm him of some "new positions" early in | |
| Inly expect | ount or | nxious for Spaak's visit and probably amen- | |
| able to his | iews (| on a Cyprus solution, despite its doubts that | |
| he will be a | ble to | accomplish anything. | 25 |
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| | 4. FRENCH IN | RATH | | | | | |
|-------|---|--|---|--|--|--|--|
| 25X1A | French representatives in Laos are promoting Prince Petsarath, viceroy of Laos and brother of Pathet Lao chief Souphannouvong, for the prime ministership. They apparently regard him as the leader most likely to foster continued French influence and prestige in Laos, according to the American ambassador in Vientiane. The ambassador Gassouin described Petsarath as a true patriot who alone could unite Laos and reverse the present unfavorable drift of events. Gassouin said Petsarath had indicated that he would accept power only if drafted and on condition that he have the support of the Western powers. | | | | | | |
| | Laotian asseare urging to policy toware | The French are apparently to pave the way for Western suphe belief that he may ultimately be called the present political that the Western powers adopt a more rd Laos, particularly with regard to the Lao into a coalition government. | pport of Pet- lled on by the crisis. They ''flexible'' | | | | |
| | tlement of t | Petsarath's public statement aos in March have minimized the dang he Pathet Lao problem. He recently to e Pathet-held provinces convinced than | ers in a set- returned from | | | | |
| | | nmunists or Communist-controlled. | | | | | |
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5. SITUATION IN INDONESIA

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Non-Communist political leaders in Indonesia are greatly disturbed over the Communist Party's 40-percent gain in votes in the Djakarta municipal elections on 22 June, and reportedly are exploring the possibility of establishing a united front against the Communists. The National Party, which won a plurality in the 1955 national elections, appears particularly anxious over its prospects in the forthcoming provincial elections in Central Java, where it has had its major strength. Although the elections in Central Java re-

portedly have been postponed until October, the non-Communist parties must still compete against a superior Communist machine which is already operating in high gear. The Communists, moreover, are spending money freely and are capitalizing on the popularity accorded them by President Sukarno's continued public encouragement.

Meanwhile, in East Indonesia, Lt. Col. Sumual is working toward the political reorganization of the area into six autonomous provinces. Although this development may be simply a face-saving move, it would appear to be a new act of defiance by the East Indonesians.

Anti-Djakarta feeling is still running strong in Sumatra, where former vice president Hatta has reiterated his strong support for autonomous moves in non-Javanese areas as well as his belief that these moves are not motivated by separatist desires. At the same rally, Lt. Col. Hussein stated that while there was no desire to "fritter away" Indonesian unity, the people of Central and South Sumatra have returned to "the ideals of the revolution after having been led astray by certain leaders in the central government."

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| 6. | EAST | GERMANS | VIEW | TALKS | WITH | POLES | AS | FAILURE |
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| 25X1A | The East German Communists consider their 18-20 June talks with Polish leaders a failure and believe their efforts to bring the Poles back into the orthodox camp have been unsuccessful, | 25X |
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| | The Polish visit to Berlin reportedly resulted from heavy pressure from the Soviet Union. Gomulka was reluctant to make this trip and agreed only after a heated argument with Khrushchev. | 25X1 |
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| | In order to enhance the appearance of bloc solidarity, an East German delegation headed by party first secretary Ulbricht and Premier Grotewohl will go to Warsaw | |
| | on 22 July for the Polish national holiday. | 25X1 |
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